

Strictly Confidential

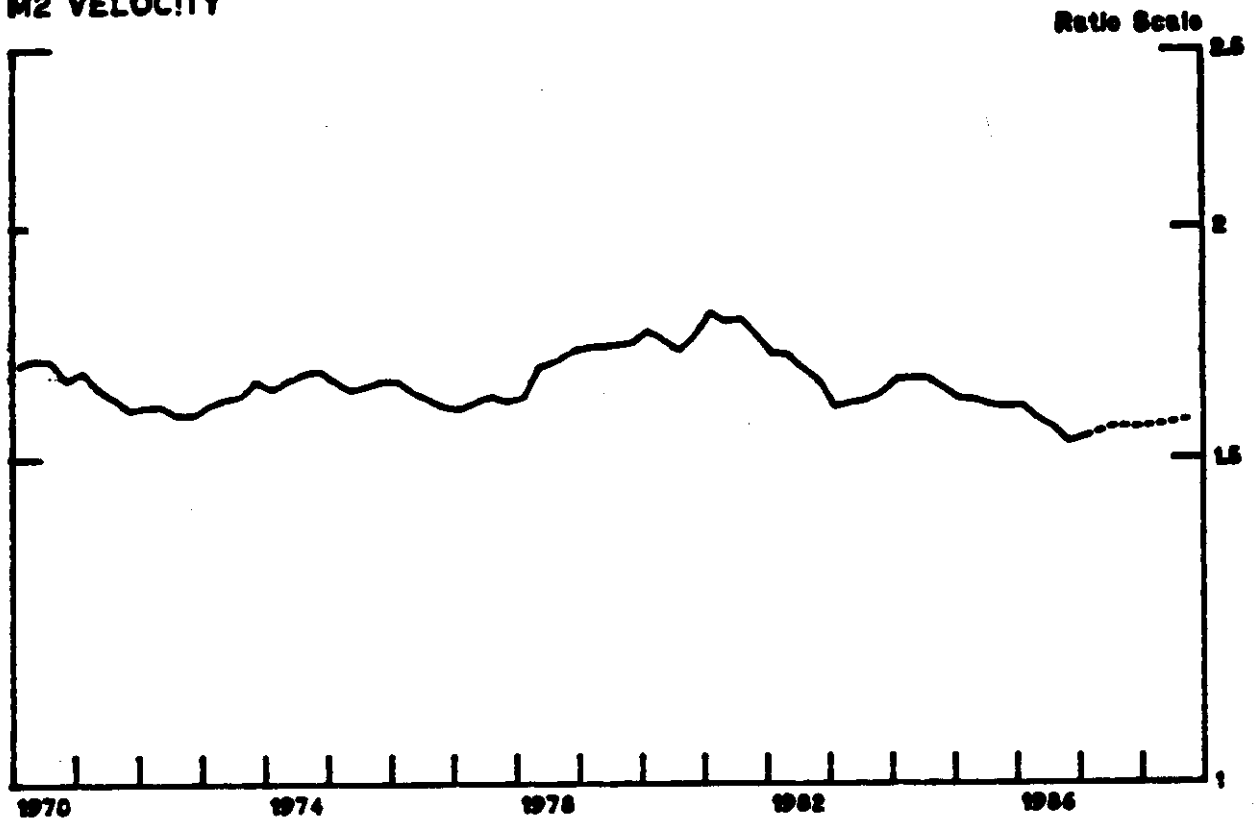
Class I FOMC

**Velocity Projections
and
Long Run Alternatives**

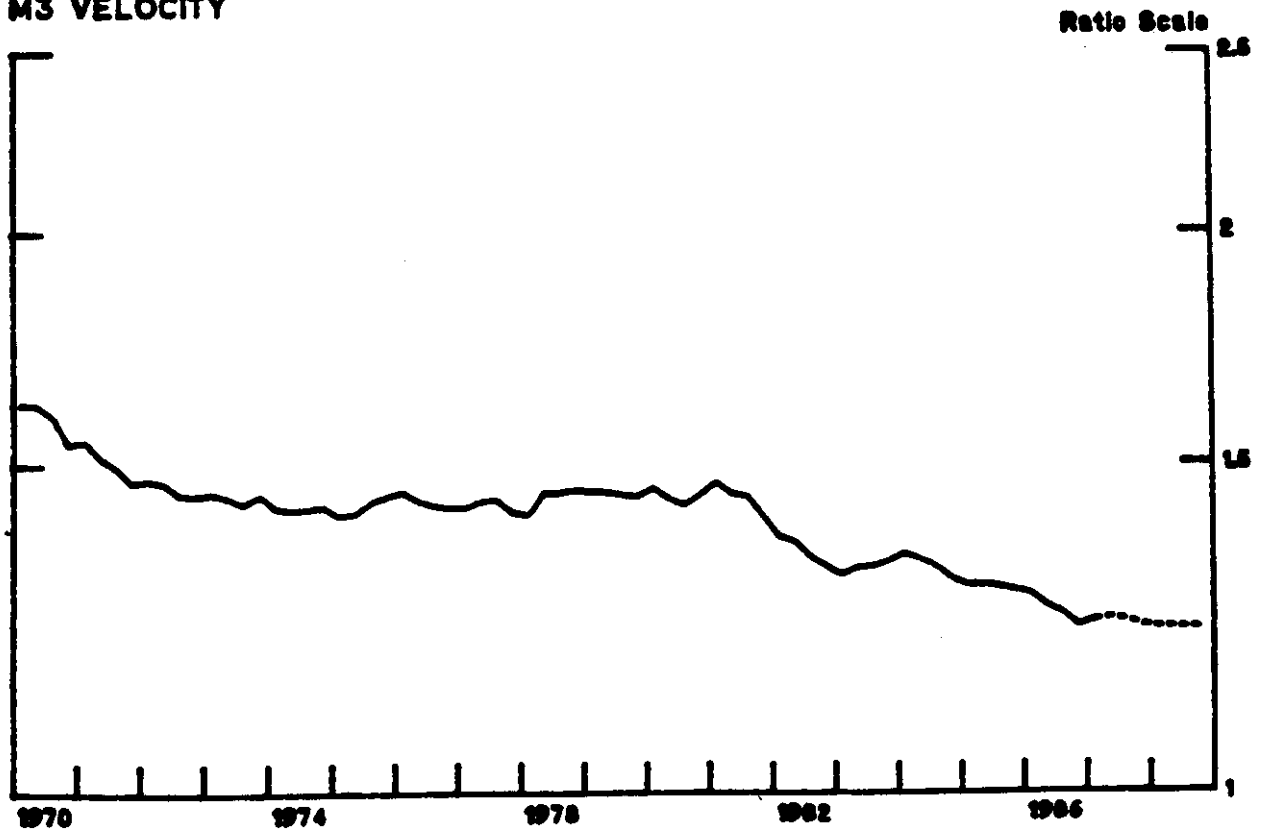
Chart 1

ACTUAL AND PROJECTED VELOCITY OF M2 AND M3¹

M2 VELOCITY



M3 VELOCITY

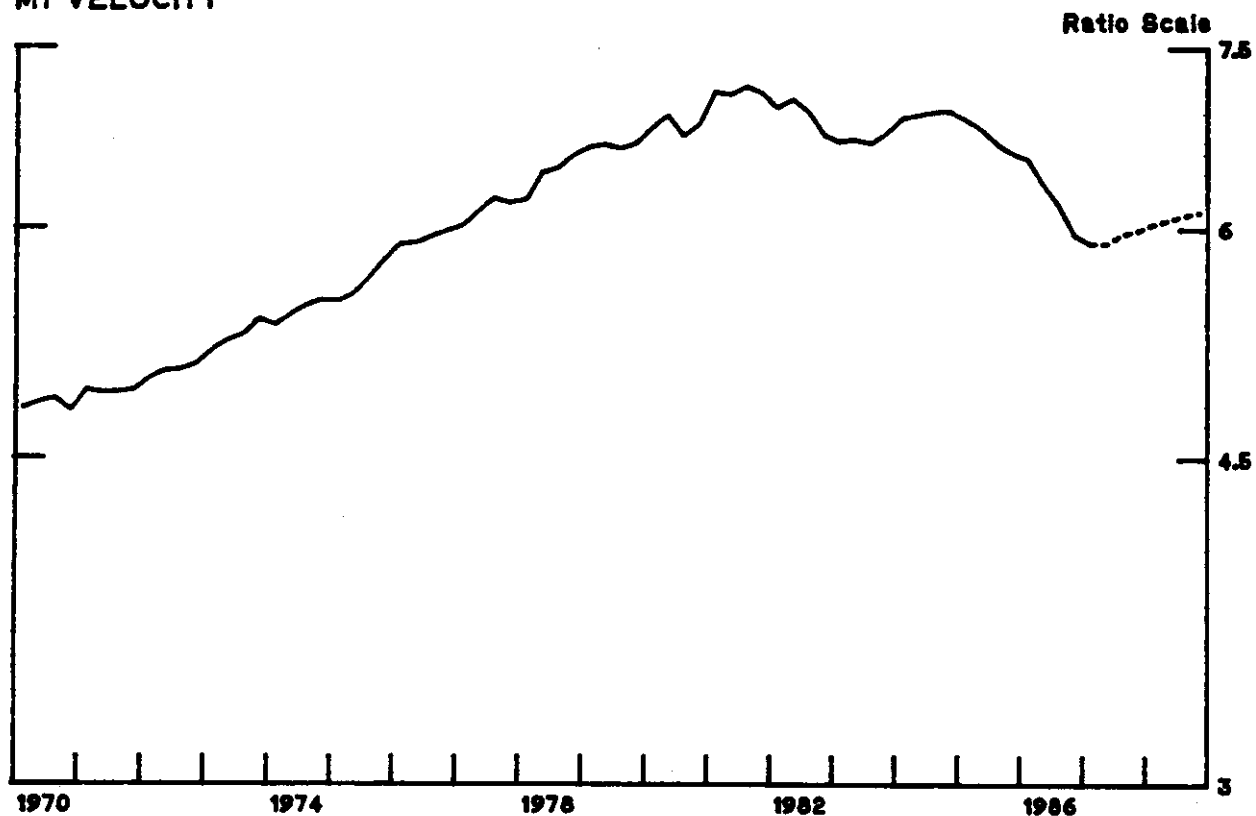


1. Projections based on staff forecast of GNP and money.

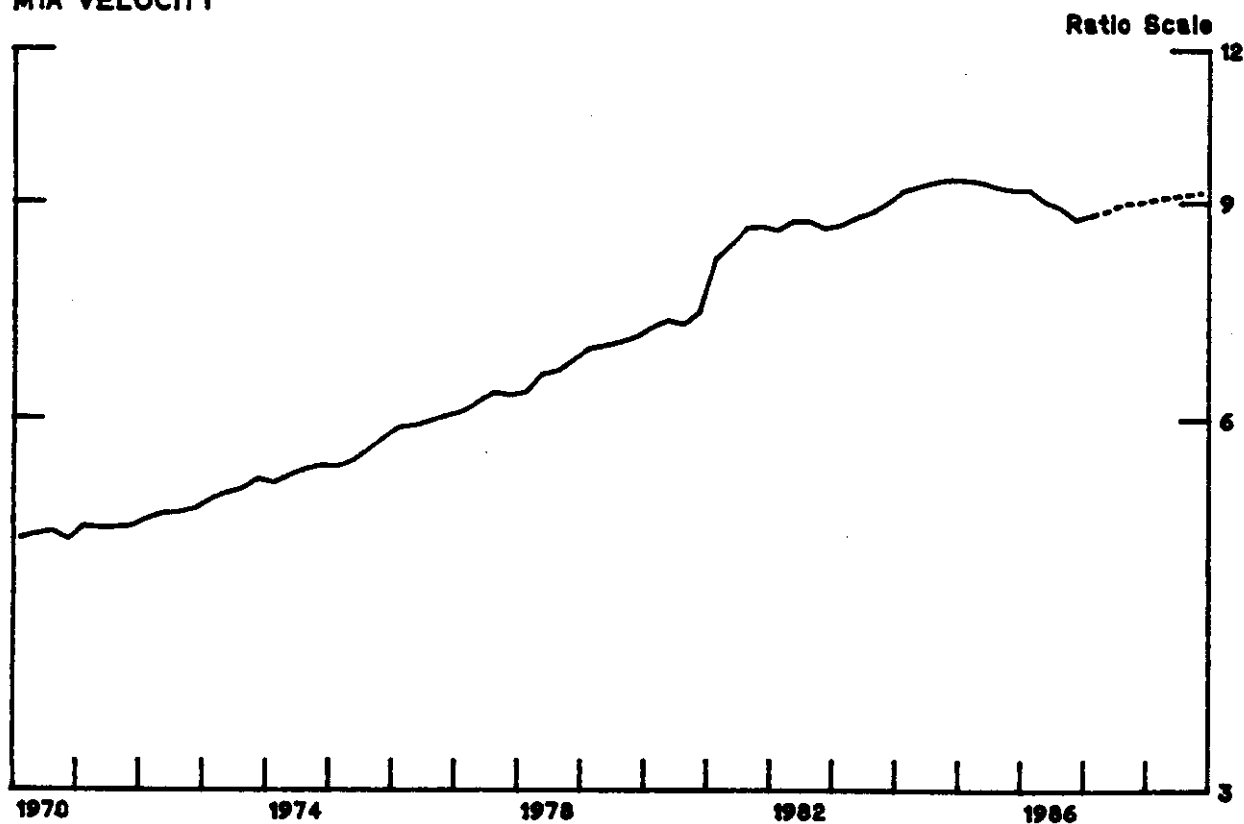
Chart 2

ACTUAL AND PROJECTED VELOCITY OF M1 AND M1A ¹

M1 VELOCITY



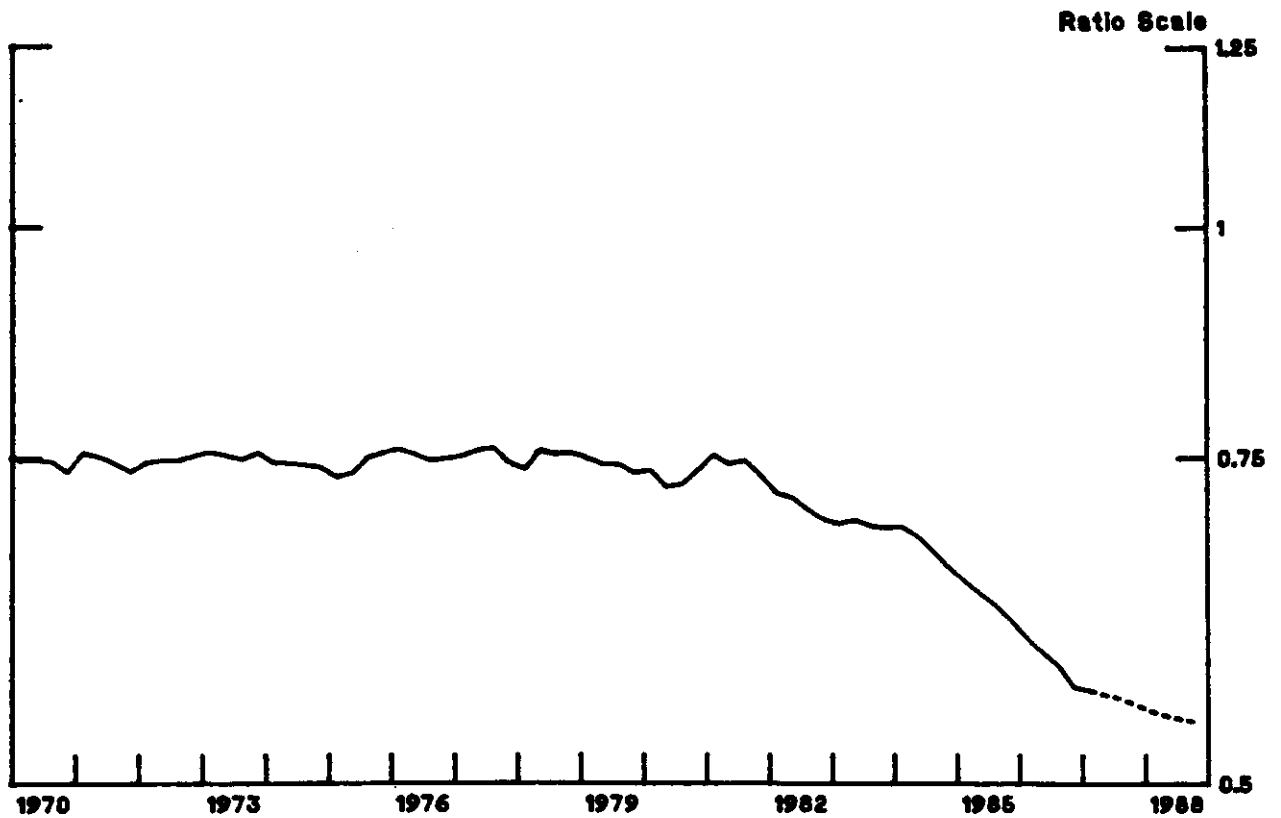
M1A VELOCITY



1. Projections based on staff forecast of GNP and money.

Chart 3

ACTUAL AND PROJECTED VELOCITY OF DOMESTIC NONFINANCIAL DEBT ¹



1. Projections based on staff forecast of GNP and debt.

LONG RUN RANGES

	1987	
	Alt. I (current ranges)	Alt. II
M2	5-1/2 to 8-1/2	4-1/2 to 7-1/2
M3	5-1/2 to 8-1/2	5-1/2 to 8-1/2
Debt	8 to 11	8 to 11

	1988		
	Alt. I	Alt. II	Alt. III
M2	5-1/2 to 8-1/2	4-1/2 to 7-1/2	3-1/2 to 7
M3	5-1/2 to 8-1/2	5 to 8	4-1/2 to 7-1/2
Debt	8 to 11	7-1/2 to 10-1/2	7 to 10